

MODIFICATION PROPOSAL P138 'CONTINGENCY ARRANGEMENTS IN RELATION TO THE IMPLEMENTATION OF DEMAND CONTROL MEASURES PURSUANT TO GRID CODE OC6'

ASSESSMENT CONSULTATION ADDENDUM

INTRODUCTION

Modification Proposal P138 'Contingency Arrangements in relation to Implementation of Demand Control Measures pursuant to Grid Code OC6' (P138) was raised on 8 August 2003 by Innogy PLC.

The P138 Assessment Consultation Document was issued on Monday 10 November 2003 with responses due by 17.00 on Monday 24 November 2003. The P138 Assessment Consultation Document noted that the Impact Assessment was taking place and that a supplementary to the consultation would be provided if the results of the Impact Assessment were received prior to the end of the consultation period for consideration as part of the consultation. Responses to the Impact Assessment have been received and this document and its attachments form the supplementary to the consultation.

This extra information should be considered when addressing the consultation questions.

CONSULTATION LOGISTICS

The following Documents are provided in support of this consultation Addendum:

- NETA Change Form, LogicaCMG reference number ICR554; and
- P138 Transmission Company Analysis and Impact Assessment – Response Pro-forma.

Please send your responses (in the proforma provided with the original P138 assessment consultation document) by:

17:00 on Monday 24 November 2003

to Modifications@elexon.co.uk and please entitle your email '**P138 Assessment Consultation**'. Please note that any responses received after the deadline may not be considered by the Modification Group (due to the tight timescales for the PSMG consideration of the responses).

Any queries on the content of the consultation pro-forma should be addressed to Katie Key on 020 7380 4377, email address katie-ann.key@elexon.co.uk.

P138 IMPACT ASSESSMENT

Impact Assessment was carried out by LogicaCMG, the Transmission Company and ELEXON.

The LogicaCMG NETA change request form has been attached to this addendum. This details the various solutions requested as part of the Impact Assessment as well as two alternate solutions, Automated Data Entry and the LogicaCMG alternative. The details of these alternate solutions are included in the LogicaCMG NETA change request form. For each solution there are a number of further options.

Firstly, the allocation of the total volume of Demand Control to the affected BM Units could be carried out by either the SAA or BSCCo. Then the Demand Control Offer Price could be calculated as the marginal price (option 1), the market index price (option 2), the marginal price with a cap (option 3) or a fixed price (option 4). Finally, the NETA change request also contains the details of a fully automated solution. The total price quoted on the LogicaCMG NETA change request form is the total price of the fully automated solution. The prices for the non-system solutions are quoted on the LogicaCMG NETA change request form and are also summarised in Appendix 1 of this document.

The Transmission Company Analysis and Impact Assessment Response Pro-forma has been attached to this addendum and details the impact of P138 on the Transmission Company.

The Impact Assessment carried out by ELEXON has indicated:

- 57.5 ELEXON Man Days of effort is required to develop the solution if the Settlement Administration Agent (SAA) carries out the allocation of the total volume of Demand Control to the affected BM Units (provided the method used is not the full system solution);
- 72.5 ELEXON Man Days of effort is required to develop the solution if BSCCo carries out the allocation of the total volume of Demand Control to the affected BM Units manually; and
- 82.5 ELEXON Man Days of effort is required to develop the solution if BSCCo carries out the allocation of the total volume of Demand Control to the affected BM Units using an automated solution.

LogicaCMG Impact Assessment Summary of Prices for Manual Solutions

	Manual Data Entry				Automated Data Entry				LogicaCMG Alternative			
	SAA		BSCCo		SAA		BSCCo		SAA		BSCCo	
	Option 1, 2 or 3	Option 4	Option 1, 2 or 3	Option 4	Option 1, 2 or 3	Option 4	Option 1, 2 or 3	Option 4	Option 1, 2 or 3	Option 4	Option 1, 2 or 3	Option 4
	A	B	C	D	E	F	G	H	I	J	K	L
Development Costs	£22,204	£18,585	£8,573	£6,724	£24,053	£22,204	£23,128	£21,279	£17,660	£15,811	£8,573	£6,724
Operational Costs	£1,675	£1,675	£1,675	£1,675	£864	£864	£864	£864	£1,537	£1,537	£1,537	£1,537

Note that these prices are subject to a 15% tolerance level and are based on a single run through the Demand Control process for a single Settlement Period for 100 impacted Balancing Mechanism (BM) Units.